

and other houses, and the decline of securities indicated a more pressing demand for money and a slackening of business activity. The bank rate was advanced to six per cent, on Friday, November 7th, and ugly rumors were afloat in Lombard Street. The real cause of the uneasiness among the great financiers did not, however, become public property until a week later. It was made known on November 8th, to the Governor of the Bank of England, Mr. William Gaskell, fortunately a man of great ability and decision of character, that the Barings were on the eve of suspending payment, with liabilities of £21,000,000.

Mr. Gaskell believed, in spite of the unfortunate history of previous crises, that measures could be adopted which would prevent a crash. He accordingly perfected arrangements within the following week, by which the Bank of England was able to announce on November 14th that all the liabilities of Baring Brothers and Company would be provided for by the bank, and that any loss to the bank would be made good by a circle of guarantors embracing the greatest institutions of Great Britain. The joint stock banks of London, the leading banks of the provinces, and the joint stock banks of Scotland entered into a combination aggregating £15,000,000, "to make good to the Bank of England any loss which may appear whenever the Bank of England shall determine that the final liquidation of the liabilities of Messrs. Baring Brothers and Company has been completed, so far as in the opinion of the governors is practicable." This guarantee was to continue for three years, and afforded absolute assurance to the business community that no great losses to individuals and respectable houses would occur. The Chancellor of the Exchequer was in constant consultation with Mr. Gaskell while the negotiations for the guarantee were going on and offered him the benefit of the suspension of the Bank Act of 1844, so as to permit the issue of additional notes, if he thought it desirable, but Mr. Gaskell declined to foster alarm by admitting the necessity for the classic remedy of the great crises of 1847, 1857 and 1866.